## COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES, EDUCATION

> Subcommittee on Interior and Environment

SUBCOMMITTEE ON AGRICULTURE VICE CHAIRMAN



## Cynthia M. Lummis Congress of the United States Myoming

October 29, 2012

The Honorable Ben S. Bernanke Chairman The Federal Reserve System 20<sup>th</sup> Street and Constitution, NW Washington, DC 20429 The Honorable Thomas S. Curry Comptroller Office of the Comptroller of the Currency 250 E Street, SW Washington, DC 20219

The Honorable Martin J. Gruenberg Acting Chairman Federal Deposit Insurance System 550 17<sup>th</sup> Street, NW Washington, DC 20429

Dear Sirs:

I write to express concern over the most recent proposal for one-size-fits-all Basel III capital requirements. I represent a state where many constituents are served by community banks and their unique characteristics need to be incorporated into any final rule making.

Basel III was intended to respond to deficiencies that contributed to the financial crisis and thus should focus on the few large, complex financial institutions that are globalized and create systemic risk. Applying the Basel framework to small community banks just perpetuates the consolidation of risk into larger institutions. It is in the best interest of consumers and the taxpayers to maintain the diversified banking system in the United States. Adding new legal and compliance costs will reduce the viability of the small town banker and encourage more too-bigto-fail institutions.

Higher capital requirements will ultimately limit the amount of credit community banks can provide to their consumers and imposing complex risk weights on loans will restrict the type of credit they can afford to offer. This changes the fundamental economics behind running a small bank and hurts the local businesses that rely on their financing. Restricting access to credit during our economic recovery is not the way to create jobs and grow businesses.

2120 CAPITOL AVENUE, SUITE 8005 CHEYENNE, WY 82001 PHONE (307) 772–2595 FAX (307) 772–2597 100 EAST B STREET, SUITE 4003 CASPER, WY 82602 PHONE (307) 261–6595 FAX (307) 261–6597 113 Cannon House Office Building Washington, DC 20515 Phone (202) 225–2311 Fax (202) 225–3057

PRINTED ON RECYCLED PAPER

404 "N" STREET, SUITE 204 ROCK SPRINGS, WY 82901 PHONE (307) 362–4095 FAX (307) 362–4097 45 E. LOUCKS, SUITE 300F SHERIDAN, WY 82801 PHONE (307) 673–4608 FAX (307) 673–4982

LITIC SOL WESTERN CAUCUS VICE CHAIRMAN

WOMEN'S CAUCUS Co-Chairman

2ND AMENDMENT TASK FORCE

10TH AMENDMENT TASK FORCE

REPUBLICAN STUDY COMMITTEE

While I understand the need for the global community to consider the impact of capital requirements on the financial system as a whole, regulations in the United States should be tailored to our diverse mix of institutions. I urge you to reconsider the need for small community banks to be included in these stringent requirements.

Sincerely,

Cynthia M. Lummis

Member of Congress